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Meeting on trade and development implications of tourism services for developing countries

Geneva, 19–20 November 2007

Note prepared by the UNCTAD secretariat

Summary of discussions

1. The high-level meeting on trade and development implications of tourism services for developing countries was an UNCTAD XII pre-conference event aimed at highlighting issues and policy options related to enhancing the development dividends of tourism for developing countries. (A full meeting report is available.) The meeting – organized by UNCTAD's Division on International Trade in Goods and Services, and Commodities in cooperation with the World Tourism Organization (UNWTO) – provided a forum for policymakers, negotiators and experts from the private sector and civil society to share experiences on successful approaches to develop national tourism sectors in a holistic way that generates economy-wide gains and pro-poor results. Discussions benefited from the UNCTAD secretariat's issues note (UNCTAD/DITC/TNCD/2007/12) and presentations by experts which reviewed the sector's recent performance, outstanding challenges confronting tourism in developing countries, and ways to enhance tourism's positive development impacts, including through regional and multilateral trade negotiations and cooperation. Interactive debate on key issues allowed participants to form policy recommendations for consideration by concerned stakeholders.

2. It was noted that the tourism industry had long been growing at a faster pace than world gross domestic product (GDP), and accounted for 8.7 per cent of employment worldwide. Over the previous decade, international tourism had emerged as a major contributor to the trade and growth story of developing countries. Accounting for a significant 45 per cent share of developing countries' services exports (65 per cent for least developed countries (LDCs)), tourism was their largest, and among their fastest growing, services export sectors. Growth continued to be

supported by sustained foreign and domestic investment in the sector and growing consumer demand in world markets. Notwithstanding recent growth, however, tourism remained highly vulnerable to natural disasters, and to adverse economic, political and security conditions.

3. Building tourism supply capacities, stimulating entrepreneurship, and attracting investment and required expertise were priorities for many developing countries. With strong backward and forward economic linkages – particularly with air transport, telecommunications, information and communication technology (ICT), infrastructure, financial, marketing and promotion, and education services – tourism could stimulate broad economy-wide growth and serve as a rich source of development benefits, including increased income, foreign currency earnings, economic diversification and employment. However, tourism also had its downsides. In some instances, it contributed to environmental degradation, dislocated local communities, generated an inequitable distribution of income, and offered fragile employment conditions, particularly for women. Effective tourism strategies, policies, regulation and enforcement mechanisms were thus needed, not only to generate economic benefits, but also to help prevent negative environmental and social impacts.

4. Meeting discussions reviewed key bottlenecks to tourism development and explored roles for national Governments and the private sector in building infrastructure and human capital, reducing leakage and strengthening intersectoral linkages. Improved policies and regulation could enhance the contribution of investment to national capacity development, address market failures and reduce anticompetitive practices. Deepening the use of ICTs in tourism marketing and management, meeting international industry standards, improving levels of employment quality and remuneration, and reducing tourism's negative environmental impacts were also key.

5. Discussions highlighted that innovative initiatives and enhanced cooperation at the international level also had critical roles to play generating improved development gains from tourism. In this context, the meeting recognized UNCTAD's longstanding commitment to helping developing countries with the design of tourism trade and investment policies and strategies, and with regional and multilateral trade negotiations, including the Doha General Agreement on Trade in Services (GATS) negotiations, and recalled that this should be reflected in the UNCTAD XII mandate. UNCTAD's activities, including in cooperation with other international organizations, continued to be very important in (a) strengthening national tourism supply capacity; (b) improving market access, international rules on competition and investment prospects for developing country tourism; (c) facilitating the temporary movement of workers in the sector to improve the quality and availability of tourism services; and (d) boosting South–South tourism trade.

6. Policy recommendations for Governments and other stakeholders at the national, regional and international levels resulting from discussions included the following:

- (a) Governments needed to further mainstream tourism into national development and economic policies through comprehensive national tourism strategies, frameworks and master plans, and through strong tourism promotion agencies. This involved creating effective sectoral policies for employment, trade, investment, education, quality standards, and cultural and environmental protection, with a view to achieving sustainable development and pro-poor results.
- (b) Governments needed to strengthen national policies, including through effective legal and regulatory frameworks and enforcement mechanisms, to help ensure that tourism generated pro-development and pro-poor results. Besides policies aimed at increasing and deepening backward and forward

linkages and reducing leakage, attention needed to be given to reducing potentially harmful environmental and social impacts of tourism.

- (c) Governments and tourism suppliers needed to work together through public–private partnerships that could play a catalytic role in bringing together market participants and promoting cooperation amongst them in order to increase the share of developing countries in the tourism value chain.
- (d) Backed by intergovernmental assistance, including from UNCTAD, national policies should facilitate tourism suppliers’ acquisition, network connection and use of ICTs.
- (e) National tourism suppliers could diversify tourism product offerings to increase income generated through tourism and reduce seasonal fluctuations in tourism traffic. New types of tourism for niche markets such as community-based cultural tourism and ecotourism could be promoted to help ensure environmental sustainability and pro-poor results, including in rural areas.
- (f) National and regional institutions could form consortia to increase the market and negotiation power of developing country tourism suppliers and improve coordination among them.
- (g) UNCTAD, UNWTO and other interested international organizations should collaborate on developing focused and practical databases and development indicators for use by national Governments to monitor tourism and identify entry points to improve their developmental impacts.
- (h) UNCTAD should develop databases on trends and best practices in tourism FDI and trade, as well as strategies for strengthening linkages and reducing leakage to assist developing countries capture more value in the tourism sector.
- (i) UNCTAD should expand its work on assessments of the tourism sector specifically, and of other services sectors more generally. These sectoral assessments could provide guidance to national policymakers on ways to improve the performance of the tourism sector. Special attention should be given to identifying and designing pro-poor policies for the sector, and to defining approaches to overcome competition-related challenges.
- (j) UNCTAD should continue to assist developing countries in multilateral and regional trade negotiations, and cooperation on tourism.
- (k) Supported by the international community, UNCTAD and UNWTO, training programmes should be offered to developing country tourism stakeholders to strengthen their ability to sustainably develop and diversify their tourism activities and improve quality standards.
- (l) International organizations, including the International Labour Organization (ILO), UNWTO and UNCTAD, should cooperate in examining issues related to poverty reduction and working conditions in the tourism industry, with a view towards promoting equitable incomes, social security, social protection, health and social dialogue for the tourism workforce in developing countries.